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Civil Procedure - When a United States Court of Appeals Has Predicted the Course of State Law on a Question of First Impression in a State within That Circuit the Federal Courts of Other Circuits Should Defer to That Holding

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**CIVIL PROCEDURE—WHEN A UNITED STATES COURT OF APPEALS HAS
PREDICTED THE COURSE OF STATE LAW ON A QUESTION OF FIRST
IMPRESSION IN A STATE WITHIN THAT CIRCUIT THE
FEDERAL COURTS OF OTHER CIRCUITS SHOULD
DEFER TO THAT HOLDING.**

Factors Etc., Inc. v. Pro Arts, Inc. (2d Cir. 1981)

Before his death, Elvis Presley assigned exclusive ownership of all rights to use his name and likeness for commercial gain to Boxcar Enterprises, Inc. (Boxcar).¹ On August 18, 1977, two days after Presley's death, Boxcar granted a license to use these rights to Factors Etc., Inc. (Factors).² On August 19, 1977, Pro Arts, Inc. (Pro Arts), without permission from Factors, published a poster which bore a photograph of Presley.³

Claiming that by publishing the poster, Pro Arts infringed on its exclusive right to merchandise Presley's name and image,⁴ Factors sought and was granted a preliminary injunction in the United States District Court for the Southern District of New York restraining Pro Arts from manufacturing, distributing or selling the Presley poster.⁵ Applying

1. *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 217 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979).

2. *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979). Boxcar Enterprises was a Tennessee corporation formed and controlled by Presley and his manager, Colonel Tom Parker. 579 F.2d at 216-17. Elvis Presley died unexpectedly and his father, Vernon Presley, was appointed executor of his estate. The agreement, signed by Vernon Presley and approved by Parker, provided that Boxcar was the sole and exclusive owner of Elvis Presley's commercial rights, and sold to Factors an exclusive license to exploit commercially the name and likeness of the entertainer. *Id.* at 217.

3. *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090 (S.D.N.Y. 1980). The poster published by Pro Arts was entitled "IN MEMORY" and bore a photograph of Presley and the dates "1935-1977." *Id.* at 1092. Pro Arts purchased the photograph which had been taken by a staff photographer from the Atlanta Journal. *Id.* Co-defendant Stop and Shop Companies, Inc. was one of Pro Arts' first customers and sold the poster in its New York stores. *Id.* at 1092.

4. *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. 288, 290 (S.D.N.Y. 1977).

5. *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. 288, 290 (S.D.N.Y. 1977). In both *Factors Etc., Inc. v. Pro Arts, Inc.* and *Factors Etc., Inc. v. Creative Card Co.*, the United States District Court for the Southern District of New York (Tenney, J.) granted a preliminary injunction restraining the manufacture, distribution, or sale of any commercially exploited souvenir merchandise bearing the name and likeness of the entertainer. *Id.* at 290; *id.* at 280.

The court isolated the defendant's tort as that of unfair competition. *Id.* at 290. The court stated that consequently it was "free to apply the rule that in unfair competition 'the wrong takes place . . . where the passing

New York law,⁶ the United States Court of Appeals for the Second Circuit determined that Presley's right of publicity survived his death, affirmed the district court decision, and remanded the case for further proceedings.⁷

off occurs,' i.e., at the point of consumer purchase." *Id.* at 291. Therefore, the court, sitting in diversity, applied the law of the state of New York. *Id.*

The court pointed out that the right of publicity had been recognized as distinct from the right of privacy by the United States Supreme Court in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977). 444 F. Supp. at 283. In *Zacchini*, the only publicity right case to reach the Supreme Court, a television station had broadcast plaintiff's "human cannonball" act in its entirety. 433 U.S. at 564. The Court held that the state's interest in protecting an individual's right to publicity of his theatrical act was closely analogous to the state's interests in patent and copyright law. *Id.* at 573. The Court found that all three interests focus on the right of the person to reap the financial reward of his endeavors. *Id.*

Relying on this reasoning, the district court in *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. at 288 held, *inter alia*, that a right of publicity "existed, was a species of property inhering in Elvis Presley, was alienable, and because it was exploited to the entertainer's financial advantage in life, passed like any other intangible property at his death." *Id.* at 290. The court, in *Factors, Etc., Inc. v. Creative Card Co.*, noted that:

[T]he instant action does not present the Presley name or his fact [sic] enhancing a product—Presley is the product. Furthermore, it is not unreasonable to conclude that Elvis Presley's act included the totality of his persona—performance, image and name. At the very least the Presley visage is obviously an aspect of the performer having a high market value, as evidenced by the competition which has given rise to this case.

Id. at 283 n.3. The district court noted that the Second Circuit was one of the first to recognize the right of publicity and its assignability in the case of *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953). 444 F. Supp. at 283. The court further supported its finding by citing recent decisions which determined the right of publicity to be a species of property. *Id.* at 284. As a property right, the court found that the right of publicity was descendible. *Id.*, citing *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 844 (S.D.N.Y. 1975).

6. *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 220 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979).

7. *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 227 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979). The court held, *inter alia*, that the right of publicity survived the celebrity's death. 579 F.2d at 221. New York was the first state to recognize the right of publicity, an exclusive right to the pecuniary value of one's name and likeness, and its assignability. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953). The *Haelan* court noted that the right of publicity was additional to, and independent from, the right of privacy, which has been termed the right "to be let alone." 202 F.2d at 868. In New York the right to privacy is protected by statute. N.Y. CIV. RIGHTS LAW §§ 50, 51 (McKinney 1976). See Warren and Brandeis, *The Right to Privacy*, 4 HARV. L. REV. 193 (1890); Note, *Lugosi v. Universal Pictures*, 29 HASTINGS L.J. 751 (1978). The author of the Note explains that the right to publicity originally developed as an extension of the right to privacy. *Id.* at 752-53. Eventually it became apparent that this body of law was not sufficient to protect the pecuniary interest in a name or likeness. *Id.* at 754.

Contemporaneously with the New York suit, Factors was involved in litigation in the Western District of Tennessee in the case of *Memphis Development Foundation v. Factors Etc., Inc.*⁸ Memphis Development had announced its intention to sell statuettes of Presley and brought suit to prevent Factors' interference with the promotion.⁹ Factors responded with a request for a temporary injunction against the sale,¹⁰ which was granted by the United States District Court for the Western District of Tennessee.¹¹ Pursuant to its exercise of diversity jurisdiction, the district court decided the case in accordance with Tennessee law.¹² Finding no state statutory or decisional law on the issue,¹³ the court concluded that if Tennessee courts were to hear the case they would recognize an inheritable and assignable right of publicity.¹⁴ On appeal,

The right of publicity was deemed to be a descendible property right in *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 844 (S.D.N.Y. 1975). For a discussion of the right of publicity and its descendibility, see Felcher & Rubin, *The Descendibility of the Right of Publicity: Is There Commercial Life After Death?*, 89 YALE L.J. 1125 (1980).

8. 441 F. Supp. 1323 (W.D. Tenn. 1977), *aff'd*, 578 F.2d 1381 (6th Cir. 1978).

9. 441 F. Supp. at 1323-24. Memphis Development Foundation, a non-profit corporation, announced its intention to sell the statuettes in order to finance a statue of Presley which was to be erected in his home city of Memphis. *Id.* at 1324.

10. *Id.* at 1331.

11. *Id.*

12. *Id.* at 1329.

13. *Id.* at 1325. The court noted that there was a "relative paucity" of reported decisions and no reported Tennessee case dealing with the issue. *Id.* at 1325 & n.2.

14. *Id.* at 1330. The court made it clear that since there was no Tennessee state court decision on the issue of the survival after death of a right of publicity, its task would be to "ascertain from all the available information, the general or majority rule on the issue which would be considered to be adopted by the highest court of [Tennessee] if the issue were before it." *Id.* at 1329, *citing* West v. American Tel. & Tel. Co., 311 U.S. 223 (1940); *Eric R.R. Co. v. Tompkins*, 304 U.S. 64 (1938); *Carr v. American Universal Ins. Co.*, 341 F.2d 220 (6th Cir. 1965); *Werthan Bag Corp. v. Agnew*, 202 F.2d 119 (6th Cir. 1953).

The court decided that the recent authority, both judicial and scholarly, had acknowledged or logically determined that the right of publicity should be inheritable and assignable. 441 F. Supp. at 1330. The court noted that Tennessee courts have been protective of intangible property rights in situations involving unauthorized use of a trade name and unlawful interference with commercial good will. *Id.* at 1329. Finally, the court held that the "correct and majority view, though there are few cases precisely in point, is that enunciated in *Factors v. Creative Card Co.* . . ." *Id.* at 1330, *citing* *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977).

The district court was able to cite one Tennessee case which recognized a special property right in a name which was commercially used by a husband during life and which inherited to his widow. 441 F. Supp. at 1330, *citing* *Robinson v. Robinson's, Inc.*, 9 Tenn. App. 103 (1929). The *Memphis Development* district court's issuance of the preliminary injunction was affirmed

however, the United States Court of Appeals for the Sixth Circuit reversed and remanded, holding that in Tennessee a right of publicity did not survive death.¹⁵ Consequently, Factors' request for a preliminary injunction was denied.¹⁶

Subsequent to the Sixth Circuit's decision in *Memphis Development*, Factors moved for summary judgment in the New York litigation.¹⁷ Despite the Sixth Circuit's decision in *Memphis Development*, the district court found that by virtue of its assigned right of publicity, Factors possessed an enforceable property interest and awarded summary

in an unpublished opinion. *Memphis Dev. Foundation v. Factors, Etc., Inc.*, 578 F.2d 1381 (6th Cir. 1978).

15. *Memphis Dev. Foundation v. Factors Etc., Inc.*, 616 F.2d 956 (6th Cir.), *cert. denied*, 101 S. Ct. 358 (1980). The case was heard by Weick and Merritt, Circuit Judges, and Cecil, Senior Circuit Judge. 616 F.2d at 957. No mention was made of the Sixth Circuit's prior affirmation of the district court's temporary injunction. See note 14 *supra*. See also *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090, 1094 n.1 (S.D.N.Y. 1977). The Sixth Circuit noted that because the issue was one of first impression, the court would review the question in light of "practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability, and economic opportunity." 616 F.2d at 958. The opinion relegated to a footnote the discussion of the recorded cases which have characterized the right of publicity as an inheritable property right. *Id.* at n.2. The court then discussed the psychological factors which motivate people to achieve. *Id.* at 958-59. The court concluded that the creative endeavors of individuals in our society would not be inspired by making the right of publicity inheritable. *Id.* at 959. The Sixth Circuit then stated that if the right of publicity were inheritable, "[a] whole set of practical problems of judicial line-drawing would arise. . . ." *Id.* Analogizing the right of publicity to the law of defamation for which there is no right of action after death, the court summarized its position as follows:

Heretofore, the law has always thought that leaving a good name to one's children is sufficient reward in itself for the individual, whether famous or not. Commercialization of this virtue after death in the hands of heirs is contrary to our legal tradition and somehow seems contrary to the moral presupposition of our culture.

Id.

For a discussion of the Sixth Circuit's reasoning in *Memphis Development*, see Felcher & Rubin, *supra* note 7.

16. 616 F.2d at 960.

17. *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090 (S.D.N.Y. 1977). Pro Arts argued that the New York court should reverse its initial position that a right of publicity is inheritable and adopt the view espoused by the Sixth Circuit. *Id.* at 1094. Pro Arts further contended that the opinion of the Western District of Tennessee which was in accord with the Southern District of New York's decision was "no longer entitled to be given any weight." *Id.* The District Court for the Southern District of New York rejected Pro Arts' position, noting that the Sixth Circuit had no way to determine the predisposition of the Tennessee courts because the Tennessee courts had not addressed the issue. *Id.* For a comparison of the Sixth Circuit's decision in *Memphis Development* with the Second Circuit's first decision in *Factors*, see Felcher & Rubin, *supra* note 7, at 1126 n.7.

judgment to Factors.¹⁸ The United States Court of Appeals for the Second Circuit reversed,¹⁹ holding that where the pertinent court of appeals has predicted the course of state law on a question of first impression within a state within that circuit, the federal courts of other circuits should defer to that holding. *Factors Etc., Inc. v. Pro Arts, Inc.*, 652 F.2d 278 (2d Cir. 1981).

In the landmark case of *Erie Railroad Co. v. Tompkins*,²⁰ the Supreme Court, reacting in part to the spreading practice of forum shopping, overruled the century-old precedent of *Swift v. Tyson*,²¹ and proclaimed that state substantive law must be followed by federal courts sitting in diversity.²² Justice Brandeis relied on both the Rules of Decision Act²³ and constitutional doctrine²⁴ in declaring that there is no

18. *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090, 1093 (S.D.N.Y. 1977).

19. 652 F.2d 278 (2d Cir. 1981). The case was heard by Mansfield and Newman, Circuit Judges, and Carter, District Judge (sitting by designation). Judge Newman wrote the opinion for the majority. *Id.* at 279. Judge Mansfield filed a dissenting opinion. *Id.* at 284.

20. 304 U.S. 64 (1938). In *Erie*, the plaintiff was injured by a freight train while walking on a path which ran alongside the railroad tracks. *Id.* at 818. The district court and court of appeals, applying federal common law, had decided in favor of the plaintiff. *Tompkins v. Erie R.R. Co.*, 90 F.2d 603 (2d Cir. 1937), *rev'd*, *Erie R.R. Co. v. Tompkins*, 304 U.S. 64 (1938). The Supreme Court reversed and remanded the case to the district court, holding that the district court must apply the common law of Pennsylvania. 304 U.S. at 80.

21. 41 U.S. (16 Pet.) 1 (1842). See C. WRIGHT, *LAW OF FEDERAL COURTS* 251-52 (3d ed. 1976).

22. 304 U.S. at 78. In its decision, the Supreme Court concluded that, except where a matter is governed by the Federal Constitution or acts of Congress, state law should be applied. *Id.* Justice Brandeis stated: "There is no federal general common law. Congress has no power to declare substantive rules of common law applicable in a state whether they be local in their nature or 'general,' be they commercial law or a part of the law of torts." *Id.* Discussing the impact of the decision, Professor Wright states:

It is impossible to overstate the importance of the *Erie* decision. It announces no technical doctrine of procedure or jurisdiction, but goes to the heart of the relations between the federal government and the states, and returns to the states a power that had for nearly a century been exercised by the federal government.

C. WRIGHT, *supra* note 21, at 255.

23. 304 U.S. at 72. Section 34 of the Judiciary Act of 1789 provided "that the laws of the several states, except where the Constitution, treaties, or statutes of the United States shall otherwise require or provide, shall be regarded as rules of decision in trials at common law in the courts of the United States, in cases where they apply." 1 Stat. 92 (1789). This act, the famous Rules of Decision Act, is now codified virtually unchanged at 28 U.S.C. § 1652 (1948). C. WRIGHT, *supra* note 21, at 249-53.

The main dispute in the construction of the Act had centered around whether the "law" it refers to includes decisions of state courts in addition to state statutes. C. WRIGHT, *supra* note 21, at 249. From 1842 until 1938

the federal courts followed the view, represented by *Swift v. Tyson*, that except where state court opinions construed the state's constitution or statutes, or where local matters were at issue, the federal courts were free to develop their own common law when hearing diversity cases. See C. WRIGHT, *supra* note 21, at 250. In *Swift v. Tyson*, Justice Story, speaking for the Court, noted that "[i]n the ordinary use of language it will hardly be contended that the decisions of Courts constitute laws." 41 U.S. (16 Pet.) at 18.

At the turn of the century the doctrine of *Swift* began to fall into disfavor, reflecting changes in judicial philosophy, and the critical response to the Court's decision in *Black & White Taxicab Co. v. Brown & Yellow Taxicab Co.*, 276 U.S. 518 (1928). In that case, a Kentucky corporation reincorporated in Tennessee in order to create diversity and avoid Kentucky state law. C. WRIGHT, *supra* note 21, at 252. See R. WEINTRAUB, COMMENTARY ON THE CONFLICT OF LAWS 427 (1971). Discussing the practice of forum shopping which became more and more common under *Swift* Professor Weintraub states:

Horrible examples began to accumulate in which a state rule, applicable to an intrastate transaction, could be avoided by stepping across the courthouse square into the federal court under the aegis of diversity jurisdiction.

* * *

The situation was intolerable, as many recognized. The forum-shopping involved was bad, but much worse, at the core of the problem was the fact that individuals, in their everyday activities and dealings, were subjected to two inconsistent bodies of law. At the nadir of *Black and White Taxicab* [276 U.S. 518], *Tyson* entered its last decade. It was slain by the "sledgehammer" blows of *Erie R.R. v. Tompkins*.

Id. at 428-29, quoting Clark, *State Law in the Federal Courts: the Brooding Omnipresence of Erie v. Tompkins*, 55 YALE L.J. 267, 295 (1946).

In *Erie*, Justice Brandeis stated, "the mischievous results of the [*Swift v. Tyson*] doctrine had become apparent. . . . *Swift v. Tyson* introduced grave discrimination by non-citizens against citizens. It made rights enjoyed under the unwritten 'general law' vary according to whether enforcement was sought in the state or in the federal court; . . ." 304 U.S. at 74-75. Justice Brandeis cited an article published by Professor Charles Warren, who had examined the recently discovered drafts of the Judiciary Act of 1789 which showed that Congress had intended federal courts to apply local court decisions as well as statutes. *Id.* at 73 n.5, citing Warren, *New Light on the History of the Federal Judiciary Act of 1789*, 37 HARV. L. REV. 49, 51-52, 81-88, 108 (1923).

24. 304 U.S. at 79. Justice Brandeis called the *Swift v. Tyson* doctrine "an unconstitutional assumption of powers by the Courts of the United States which no lapse of time or respectable array of opinion should make us hesitate to correct." *Id.* at 79, quoting *Black & White Taxicab Co. v. Brown & Yellow Taxicab Co.*, 276 U.S. 518, 533 (1927) (Holmes, J., dissenting).

Commenting on Justice Brandeis's constitutional argument, Professor Wendell stated:

The part of the Constitution offended by *Swift v. Tyson* is the Tenth Amendment which provides that all powers not given to the federal government are reserved to the states or to the people. As the power to bypass state law when deciding diversity cases is not specifically conferred upon the national judiciary, it is argued that local law must necessarily be applied by national courts in appropriate cases. Moreover, the Constitution recognizes the sovereignty of the states, and an element of that sovereignty is the ability to proclaim and control the content of state law. To permit the federal government to undermine the power of the states in this regard, would be to contradict the basic division of authority between States and Nation made by the Constitution.

federal general common law.²⁵

In 1941, the Supreme Court extended the *Erie* doctrine further in *Klaxon Co. v. Stentor Manufacturer Co.*,²⁶ where, in an effort to promote uniform application of substantive law within a state, the Court held that federal courts sitting in diversity must adhere to the conflict of laws rules of the state in which they sit.²⁷

Post-*Erie* courts have established certain principles for determining what constitutes the "laws of the several states"²⁸ which the Rules of Decision Act, as interpreted by *Erie*, requires them to follow.²⁹ For

M. WENDELL, RELATIONS BETWEEN THE FEDERAL AND STATE COURTS 191 (1 AMS ed. 1968). For an exhaustive discussion of the constitutional basis of *Erie*, see Kurland, *Mr. Justice Frankfurter, the Supreme Court and the Erie Doctrine in Diversity Cases*, 67 YALE L.J. 187 (1957). See also Friendly, *In Praise of Erie—and the New Federal Common Law*, 39 N.Y.U.L. REV. 383 (1964).

25. 304 U.S. at 78. For a discussion of the distinction between "federal general common law" and "federal common law", see C. WRIGHT, *supra* note 21, at 278-86. Professor Wright points out that when the Court stated that there was no federal general common law, it was referring to the law which governs decisions in which state law can be conclusive. *Id.* at 279. He notes that even though there may be no "general" federal common law, there has clearly developed a body of federal common law which governs in situations where it would be unsuitable to look to the law of a particular state. *Id.*, citing *Hinderlider v. La Plata River & Cherry Creek Ditch Co.*, 304 U.S. 92 (1938) (the Court relied on federal common law in determining whether waters of an interstate stream had to be apportioned between two states).

26. 313 U.S. 487 (1941).

27. *Id.* at 494. In *Klaxon* Justice Reed noted that the Court was of the opinion that "the prohibition declared in *Erie R. Co. v. Tompkins* . . . against such independent determinations by the federal courts extends to the field of conflict of laws. . . . Otherwise the accident of diversity of citizenship would constantly disturb equal administration of justice in co-ordinate state and federal courts sitting side by side." *Id.* at 496 (citation omitted). *Accord*, *Day & Zimmerman, Inc. v. Challoner*, 423 U.S. 3 (1975) (the Court emphasized that *Klaxon* was still good law). For a discussion of *Klaxon*, see R. WEINTRAUB, *supra* note 23, at 431; C. WRIGHT, *supra* note 21, at 264-66.

In the opinion of some modern conflict-of-laws scholars the federal courts are in a uniquely favorable position to develop a body of conflict-of-laws doctrine but are prevented from doing so by the *Klaxon* decision. C. WRIGHT, *supra* note 21, at 266 (citations omitted). See also Carpenter, *Pluralistic Legislative Jurisdiction: Plaintiff's Choice Under the Klaxon Rule*, 40 IND. L.J. 47 (1965). Mr. Carpenter criticizes *Klaxon*, asserting that while restricting forum shopping within state boundaries, the *Klaxon* rule has promoted forum shopping among federal courts where a choice of state law is open to the plaintiff. *Id.* at 477. See generally Baxter, *Choice of Law and the Federal System*, 16 STAN. L. REV. 1 (1963); Hart, *The Relations between State and Federal Law*, 54 COLUM. L. REV. 489 (1954).

28. For a discussion of the Rules of Decision Act, see note 23 *supra*.

29. See C. WRIGHT, *supra* note 21, at 267. Professor Wright notes that "[i]n *Erie* Justice Brandeis said that the federal court was to apply state law whether 'declared by its Legislature in a statute or by its highest court.' The *Erie* doctrine has advanced—or retrogressed—far beyond this comparatively simple test." *Id.*, quoting *Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938). See Boner, *Erie v. Tompkins: A Study in Judicial Precedent: II*, 40 TEX. L.

example, if the state's highest court has not ruled on a particular issue the federal court must consider intermediate state court decisions, unless there are persuasive indications that the highest court of the state would decide otherwise.³⁰ Where only a very old decision interpreting a particular issue of state law exists, the federal court is free to conclude that the state supreme court would overturn the old law if the issue were presently before it.³¹

REV. 619 (1962). The author discusses the early development of the *Erie* doctrine, and criticizes the effect of cases subsequent to *Erie* which mandated that the outcome in the federal court mirror the probable outcome in the state court. *Id.* at 630-31. See *Guaranty Trust Co. v. York*, 326 U.S. 99 (1945). Boner believes that the effect of these cases is to "[nullify] *pro tanto* the growth of a system of courts where the important principle is that all should argue upon the same basis of due process and fair trial, not that all should attain the same result." Boner, *supra*, at 631-32.

30. *West v. American Tel. & Tel. Co.*, 311 U.S. 223, 237 (1940). See Boner, *supra* note 29. Ms. Boner states that the *West* case:

enunciated the doctrine in its accepted form: A federal court is not free to reject a state rule on the ground that the highest state court has not sanctioned it. The duty in every case is to ascertain 'from all available data' what the state law is, rather than to apply an independent rule. Opinions of lower courts are such data, and are not to be disregarded unless other persuasive data indicate that the state supreme court would do so.

Id. at 619-20 (citation omitted). Ms. Boner sees this mandate to consider all available data as a disturbing development. *Id.* She pointed out that Justice Brandeis pictured state law as proceeding from a decision of the highest court of the state. *Id.* In her opinion, *West* and other subsequent Supreme Court decisions have departed from this ideal and condone reliance on state court dictum where no direct holding can be found. *Id.* at 620 & 622. She notes that a decision should be based on *stare decisis*, not "*stare dictis*". *Id.* at 622, quoting Oliphant, *A Return to Stare Decisis*, 14 A.B.A.J. 71, 72 (1928) (coining the phrase "*stare dictis*").

Ms. Boner also notes that the *West* acceptance of dictum increases the opportunity for forum shopping since a litigant who can find favorable dictum which is not contradicted by a direct holding of a higher court may exert every effort to get his case into federal court where a careless phrase may be accepted as binding. Boner, *supra* note 29, at 622-23. See also C. WRIGHT, *supra* note 21, at 267. The extent of deference to intermediate court decisions required by the Supreme Court has varied widely. *Id.* Wright notes that a series of decisions in the 1940's, of which *Fidelity Union Trust v. Field*, 311 U.S. 169 (1940), was the most notorious, required rigid compliance with any lower state court decision. C. WRIGHT, *supra* note 21, at 267, citing *Fidelity Union Trust v. Field*, 311 U.S. 169 (1940). In *Field*, the New Jersey legislature passed a law allowing the Totten trust, a vehicle by which a person can make a deposit in a savings account for himself as trustee for another, and create a tentative trust revocable before death. 311 U.S. at 174. Two decisions by the New Jersey Court of Chancery ignored the statute and held that a Totten trust was invalid. *Id.* at 175. The Third Circuit rendered a decision contrary to the Court of Chancery on the basis of the New Jersey statute and the Supreme Court reversed, holding that the chancery court's opinion must be followed. *Id.* at 177. The first case in which the Supreme Court retreated from the rigidity of the *Field* doctrine was *King v. Order of United Commercial Travelers of Am.*, 333 U.S. 153 (1948). *King* involved the interpretation of South Carolina law in the construction of the terms of an insurance policy. *Id.* at 154. It was held that an unreported decision of the South Carolina Court

At times, federal courts are called upon to decide issues of state law which no court of the state has yet considered.³² In order to avoid guessing what the high court of the state would decide, a growing number of states permit the certification of the novel state issue to the state's highest court.³³ The United States Supreme Court expressed its approval of the certification procedure in *Lehman Brothers v. Schein*.³⁴

of Common Pleas, which did not have precedential value in the state, and which could be located only with great difficulty, was not controlling. *Id.* at 161. For a discussion of these decisions, see Friendly, *supra* note 24.

31. C. WRIGHT, *supra* note 21, at 269-90. Wright notes that this doctrine was first hinted at in *Bernhardt v. Polygraphic Co. of Am., Inc.*, 350 U.S. 198 (1956). The Court was more explicit in *Commissioner v. Estate of Bosch*, 387 U.S. 456 (1967). Wright notes that after the decision in *Commissioner v. Bosch*, a federal judge was no longer a "ventriloquist's dummy" but instead was free, as is a state judge, to consider all data in an effort to determine how the highest court of the state would decide the issue. C. WRIGHT, *supra* note 21, at 269-70. Unless the federal judge is allowed this freedom, the *Erie* doctrine would merely have substituted one kind of forum shopping for another. *Id.* The lawyer who had a case which depended on an old or discredited state decision "would have strong incentive to maneuver the case into federal court, where, on the mechanical jurisprudence that the *Erie* doctrine was once thought to require, the state decision could not have been impeached." *Id.* at 270 (citation omitted).

32. 1A J. MOORE, FEDERAL PRACTICE ¶ 0.309[2] (2d ed. 1981).

33. 1A J. MOORE, FEDERAL PRACTICE ¶ 0.203[5] (2d ed. 1981). At least nine states have authorized certification by statute or court rules. *Id.* Florida was the first to do so. See FLA. STAT. ANN. § 25.031 (West Supp. 1956). Other states which have enacted the procedure include Colorado (COLO. APP. R. 21.1 (1970)), Maine (ME. REV. STAT. ANN. tit. 4, § 57 (1964)), Maryland (MD. ANN. CODE, Art 26 § 161 (Supp. 1973)), Massachusetts (MASS. SUP. JUD. CT. R. 3:21 (1973)), Minnesota (MINN. STAT. § 480.061 (1971)), Montana (MONT. SUP. CT. R. 1 (1973)), New Hampshire (N.H. REV. STAT. ANN. § 490 (Supp. 1973)), and Oklahoma (OKLA. STAT. ANN. tit. 20, § 1601-1613 (West (1962))). Certification is not available in Tennessee.

34. 416 U.S. 386, 391 (1974). *Accord*, *Clay v. Sun Ins. Office Ltd.*, 363 U.S. 207, 212 (1960). In *Lehman Bros.* the Court vacated a Second Circuit judgment to give the appellate court an opportunity to certify an issue to the Florida Supreme Court. 416 U.S. at 390. In its opinion, the United States Supreme Court stated that although certification, where available, was not obligatory, "[i]t does, of course, in the long run save time, energy, and resources and helps build a cooperative judicial federalism." *Id.* at 390-91.

Similarly, in *Sutton v. Leib*, 342 U.S. 402 (1952), Justice Frankfurter pointed out that it was more desirable to have state courts authoritatively decide novel issues of state law than to have federal courts render tentative decisions on those issues. *Id.* at 413 (Frankfurter, J., concurring).

See also Vestal, *The Certified Question of Law*, 36 IOWA L. REV. 629 (1951). The author explained that his article was written to "illumine certification of questions of law, a procedural device which had . . . generally escaped the attention of the legal profession," in hopes that "[i]f certification is to lose out in future procedural reforms it will be the result of a well-considered choice and not by default." *Id.* at 629 (citations omitted).

Professor Kurland was of the opinion that:

[the possibility] offering the greatest promise, is to have the federal intermediate appellate court certify the troublesome question of state law to the state high court for resolution. Such an opportunity has been afforded the federal courts by the Florida legislature, although

In jurisdictions where certification is unavailable, a federal court may, under special circumstances, abstain from deciding the case until the state law issue is resolved by the state courts.³⁵ However, unlike certification, which provides for direct review of the state *issue* by the state supreme court, abstention requires the litigation of the entire *case* in the state courts.³⁶

Where neither certification nor abstention are available, a federal judge, when ruling on an unclear issue of state law, must attempt to ascertain what state law would be if the issue were decided by the highest state court.³⁷ In this exposition of state law, the federal judge may

it appears not to have been utilized. The practice might be adopted through congressional action without the necessity for state enabling legislation. In this manner, the court best equipped to answer the state law questions could do so in a definitive manner.

Kurland, *supra* note 24, at 214, citing FLA. STAT. ANN. §25.031 (West Supp. 1956); Vestal, *The Certified Question of Law*, 36 IOWA L. REV. 629, 643 (1951); H. HART & H. WECHSLER, *THE FEDERAL COURTS AND THE FEDERAL SYSTEM* 391-99 (1953). See also Boner, *supra* note 29. Ms. Boner endorsed a system of certification, while not expressly mentioning certification:

If the Supreme Court's considered purpose is to promote uniformity within each state, some method of securing decisive interpretations of state law seems necessary. The goal of uniformity is not served by federal decisions based on forecast rather than precedent. By its distortion [via post-*Erie* rulings] of the *Erie* decision into a policy of uniformity, the Supreme Court has withdrawn from the federal courts a part of their freedom to apply the traditional processes of judicial decision. If they must fulfill completely their judicial function in spite of this handicap, there should be some means of reconciling the necessity for decisions with the absence of state precedent.

Id. at 621.

35. C. WRIGHT, *supra* note 21, at 218. Speaking of the abstention doctrine, Wright notes that since 1941 it has been recognized that there are circumstances under which a federal court may decline to proceed even though it has jurisdiction. *Id.* Abstention is used to leave to the state the resolution of unsettled questions of state law, and to avoid decision of a federal constitutional question by disposing of the case on the basis of state law. *Id.* Wright notes that the price of abstention is high: "In a number of well-known cases it has led to delays of many years before the case was finally decided on its merits or limped to an inconclusive end." *Id.* at 220 (citations omitted). See Ashman, Allini & Shapiro, *Federal Abstention: New Perspectives on its Current Vitality*, 46 MISS. L.J. 629 (1975).

36. C. WRIGHT, *supra* note 21, at 219.

37. *Meredith v. City of Winter Haven*, 320 U.S. 228 (1943). The Court held that a federal court cannot refuse to decide a case because it is difficult to ascertain state law. *Id.* at 234. In *Daily v. Parker*, 152 F.2d 174 (7th Cir. 1945), the Seventh Circuit stated: "In the absence of a state court ruling our duty is tolerably clear. It is to decide, not avoid, the question." *Id.* at 177. The Supreme Court reaffirmed this view in *McNeese v. Board of Educ. for Community Unit School Dist.*, 373 U.S. 668 (1963).

Wright speculates that the recent burgeoning of the abstention doctrine may cast some doubt on whether *Meredith* still represents the rule. C. WRIGHT, *supra* note 21, at 270 n.29.

consider all relevant data.³⁸

In the absence of a controlling state decision, interpretations of state law by district judges familiar with the locality have historically been accorded great weight since they are usually members of the bar of the state in question and have had more exposure to state law than have the circuit court judges.³⁹ Federal appellate courts have been reluctant to substitute their own view of state law for the view of the district courts.⁴⁰ Some circuit courts treat a district court's determination of state law as dispositive even if the appellate court believes the state law to be otherwise.⁴¹ However, prior to *Factors Etc., Inc. v. Pro*

38. See C. WRIGHT, *supra* note 21, at 270-71. The federal court may consider the Restatements of Law, treatises, law review commentary, and the decisions of the courts of other states. *Id.* See generally 1A J. MOORE, *FEDERAL PRACTICE* ¶ 0.309[2] (2d ed. 1981).

39. 1A J. MOORE, *FEDERAL PRACTICE* ¶ 0.309[2] (2d ed. 1981).

40. See, e.g., *Bernhardt v. Polygraphic Co. of Am.*, 350 U.S. 198 (1956); *MacGregor v. State Mut. Life Assur. Co.*, 315 U.S. 280 (1942). In *MacGregor*, the Supreme Court, having no state decision to look to, deferred to the trial and appellate judges, stating that it would "leave undisturbed the interpretation placed upon purely local law by a Michigan federal judge of long experience and by three circuit judges whose circuit includes Michigan." *Id.* at 281. See Kurland, note 24 *supra*, at 187. Professor Kurland suggests that the Supreme Court's deference to the decisions of the lower federal courts is based on considerations of judicial economy. *Id.* at 217.

41. C. WRIGHT, *supra* note 21, at 271. Professor Wright believes that these circuits are treating the question of state law in the same way they would treat a question of fact. *Id.*, citing *H.K. Porter Co., Inc. v. Wire Rope Corp. of America, Inc.*, 367 F.2d 653, 662-63 (8th Cir. 1966) (where a trial judge arrives at a permissible conclusion with respect to the law of his state, the court of appeals must accept it as binding); *Rudd-Melikian, Inc. v. Merritt*, 282 F.2d 924, 929 (6th Cir. 1960) (in diversity cases where local law is uncertain under state court rulings, if a federal judge has reached a permissible conclusion upon a question of local law, the court of appeals should not reverse it, even if the court of appeals thinks the law is otherwise); *Binkley v. Manufacturers Life Ins. Co.*, 471 F.2d 889, 891 (10th Cir. 1973), *cert. denied*, 414 U.S. 877 (1974) (where there is no state law on a particular issue, a court of appeals will accept the district court's determination, unless clearly erroneous).

Professor Wright notes that deference to the trial court's ruling has been given even where the district judge was from another state, sitting by designation. C. WRIGHT, *supra* note 21, at 271 n.34, citing *St. Paul Hosp. & Cas. Co. v. Helsby*, 304 F.2d 758 (8th Cir. 1962). See *Lee Shops, Inc. v. Schatten-Cypress Co.*, 350 F.2d 12 (6th Cir.), *cert. denied*, 382 U.S. 980 (1965). In *Lee Shops*, the Sixth Circuit, citing *Melikian*, held that where no state case dealing with the issue had been cited, and there was uncertainty regarding the predisposition of state courts, the court of appeals had only to decide whether the district judge reached a permissible conclusion in his determination of local law. 350 F.2d at 17. *But see Randolph v. New England Life Ins. Co.*, 526 F.2d 1383 (6th Cir. 1975). In *Randolph*, the Sixth Circuit qualified its earlier position, stating that even though that circuit gives "considerable weight to the district judge's interpretation of state law," appellants "are entitled to a review of the trial court's determination of state law just as they are any other legal question." *Id.* at 1385.

Similarly, the Eighth Circuit's view that a trial judge's conclusion regarding the law of his state will be binding on appeal was changed in *Luke v. American Family Mut. Ins. Co.*, 476 F.2d 1015 (8th Cir. 1973). Following the ration-

Arts, Inc., a court of appeals has never decided how much deference should be accorded a decision made by the court of appeals of another circuit on the law of a state within that other circuit.⁴²

It was against this background that the Second Circuit reached its decision in *Factors*. The majority stated that although the choice of law issue had received no attention from the parties prior to the Sixth Circuit's decision in *Memphis Development*,⁴³ that issue now became of paramount importance.⁴⁴ Applying a New York conflict of laws analysis, the court rejected *Factors*' contention that New York substantive law was rightfully applied below,⁴⁵ and unanimously agreed that Tennessee law should be applied to the case.⁴⁶

Judge Newman, writing for the majority, identified the issue which divided the court as whether deference should be accorded to the deter-

ale of the Sixth Circuit in *Randolph*, the *Luke* court stated that the legal effect of this principle was to preclude appellate consideration of issues involving significant questions. *Id.* at 1019. The *Luke* court then reversed the trial judge's conclusion regarding state law but announced no general standard regarding when reversal was permissible. *Id.* at 1019 and n.6. See generally 1A J. MOORE, FEDERAL PRACTICE ¶ 0.309[2] nn.25-28 (2d ed. 1981). Professor Moore notes that "some appellate courts—and we think erroneously so—will not interfere with the trial court's interpretation of local law unless found to be clearly erroneous." *Id.* at n.28. The Second Circuit is not among the states which have discouraged appellate review of a district court judge's interpretation of state law. *Id.*

42. 652 F.2d at 281. The court stated that no previous case had turned on the issue of whether one court of appeals should defer to another circuit regarding an issue of state law within that other circuit. *Id.* (citations omitted).

43. *Id.* at 280. For a discussion of *Memphis Development*, see notes 8-16 and accompanying text *supra*.

44. 652 F.2d at 281.

45. *Id.* The Second Circuit stated that the first time it heard the case and affirmed the district court's preliminary injunction, the parties did not raise the issue of the choice of law and the court assumed that the case was to be decided using the law of New York, the place of the wrong. *Id.* at 280, citing *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 220 (2d Cir. 1978). *Factors* contended that New York law was applicable as New York was the place of the wrong since the posters were sold in the New York market. 652 F.2d at 281. *Factors* contended that if a significant contacts test were applied in determining the place of the wrong, the significant contacts of the dispute would be considered to be in New York, since it was the location of the poster's sale and a center of communications with an interest in protecting the celebrity's right of publicity. *Id.*

46. 652 F.2d at 280-81. The court noted that Tennessee was the place of Presley's domicile and the place where the Boxcar-Factors agreement was made. *Id.* at 281. Moreover, the agreement provided that it was to be construed in accordance with Tennessee law. *Id.* The court concluded that these factors would persuade a New York court that Tennessee law was applicable. *Id.* Reasoning that while a New York court might apply New York law to some elements of the case, the Second Circuit felt "certain that Tennessee law would be referred to in deciding whether Boxcar had a right of publicity in Presley's name and likeness, after his death, that was capable of being contracted for by *Factors*." *Id.*, citing RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 147, Comment i at 440 (1971).

mination of Tennessee law made by the Sixth Circuit in *Memphis Development*.⁴⁷ The majority noted that appellate courts give considerable weight to state law rulings made by district judges familiar with local law.⁴⁸ However, Judge Newman expressed surprise that there had been no prior decisions regarding the deference to be accorded a circuit court decision interpreting the law of a state within that circuit.⁴⁹

Judge Newman emphasized that the issue for the court was not whether Tennessee should recognize in this case a descendible right of publicity,⁵⁰ but whether a decision of a court of appeals, interpreting the law of a state within its circuit, should be regarded as authoritative by another federal court.⁵¹

The majority sought in its decision to minimize the interference in state judicial process created by conflicting federal court decisions interpreting state law.⁵² It theorized that recognizing the authoritativeness of a decision on state law made by the court of appeals of the circuit where the state is located would foster two desirable goals, the orderly development of state law,⁵³ and fairness to those subject to state law.⁵⁴

47. 652 F.2d at 281. Judge Newman stated that the merits of the appeal concerned whether there existed a descendible right of publicity but that the "more esoteric question, apparently of first impression" concerned the deference which should be given to the Sixth Circuit's decision. *Id.* at 279.

48. *Id.* at 281. The court also noted that the Supreme Court had similarly deferred to a panel of circuit judges whose circuit included the relevant state. *Id.*, citing *MacGregor v. State Mut. Life Assur. Co.*, 315 U.S. 280 (1942). See notes 41-42 and accompanying text *supra*.

49. 652 F.2d at 281. The majority noted that the Eighth Circuit's view, expressed in *Peterson v. U-Haul Co.*, 409 F.2d 1174, 1177 (8th Cir. 1969), that "[f]ederal court decisions in diversity cases have no precedential value as state law and only determine the issues between the parties" was labeled erroneous by Professor Moore who observed that several circuits have relied on their own prior rulings on state law as precedent. 652 F.2d at 281 n.4.

50. 652 F.2d at 282. Judge Newman stated that he would probably uphold a descendible right of publicity, were he serving on the Tennessee Supreme Court, and perhaps if he served on the Sixth Circuit when *Memphis Development* was decided. *Id.*

51. *Id.*

52. *Id.* The majority noted that except in jurisdictions permitting certification, a federal court's determination of state law could not be corrected for the benefit of litigants in a particular case by a subsequent state decision, and that this was a price which must be paid for the existence of diversity jurisdiction. *Id.*

53. *Id.* The orderly development of state law would be enhanced, in the majority's opinion, "because the state legislature will know that the decision of the pertinent court of appeals will determine legal rights, unless superseded by a later state supreme court decision. This knowledge will focus state legislative efforts on the appropriateness of a statutory change." *Id.*

54. *Id.* Fairness to the public, in the majority's opinion, would be promoted by making it clear that there is a single authoritative answer to a particular state law issue rather than varying interpretations of the different courts of appeals. *Id.* The majority added:

The majority qualified its holding by stating that a court of appeals would be obliged to disregard another circuit's ruling if it were clearly contrary to state law.⁵⁵

Summarizing its position, the court declared that since no clear basis in Tennessee law could be cited which would render the Sixth Circuit's prediction incorrect,⁵⁶ *Memphis Development* would be recognized as controlling authority on the issue of the descendibility of a right of publicity.⁵⁷ Accordingly, the court accepted the Sixth Circuit's conclusion that death terminates publicity rights and reversed the decision of the district court.⁵⁸

Judge Mansfield filed a vigorous dissent in which he stated that he saw no reason for the Second Circuit to blindly follow the Sixth Circuit's decision.⁵⁹ He noted that *Memphis Development* was inconsistent with nearly every case in which the issue had been decided,⁶⁰ and was contrary

Diversity jurisdiction, especially in its post-*Erie* incarnation, should not create needless diversity in the exposition of state substantive law. Even though the decision of the pertinent court of appeals may be revised by a subsequent state supreme court ruling, a state court will normally have the option of making such a ruling prospective only, thereby protecting any rights bargained for in reliance on the ruling of the pertinent court of appeals. That option would make little sense if the authoritative state court ruling came after divergent rulings had been made by several courts of appeals.

Id. at 283.

55. *Id.* The majority concluded that the holding of the pertinent court of appeals would not be automatically binding upon federal courts of other circuits. *Id.* The court stated that the "ultimate source" for state law is "the constitution, statutes, or authoritative court decisions of the state." *Id.*

56. *Id.*

57. *Id.*

58. *Id.* at 283-84. The majority stated that since it disposed of the appeal by "deferring as a matter of *stare decisis* to the Sixth Circuit's interpretation of Tennessee law," it need not consider any other contentions of Pro Arts. *Id.* at n.8. These contentions included, *inter alia*, the claim that the judgment in *Memphis Development* collaterally estopped Factors from asserting a descendible right of publicity, and that federal copyright law preempted application of state law. *Id.*

59. *Id.* at 284 (Mansfield, J., dissenting). Judge Mansfield agreed with the majority in *Factors* that the New York conflicts laws would call for the application of Tennessee law to the question of the survivability of the right of publicity. *Id.* However, he saw no more reason for the court to follow the Sixth Circuit's decision in *Memphis Development* than to "defer to the decision of any other circuit with which [the Second Circuit] might, as has occurred on numerous occasions, disagree or conflict." *Id.*

60. *Id.* at 284 and n.1 (Mansfield, J., dissenting). Judge Mansfield noted that prior cases held that the right of publicity survives death. *Id.* at n.1 (Mansfield, J., dissenting), *citing* Hicks v. Casablanca Records, 464 F. Supp. 426 (S.D.N.Y. 1978); Factors Etc., Inc. v. Creative Card Co., 444 F. Supp. 279 (S.D.N.Y. 1977); Price v. Hal Roach Studios, Inc., 400 F. Supp. 836 (S.D.N.Y. 1975). Judge Mansfield also pointed out that the Sixth Circuit's own prior ruling on the preliminary injunction issued by the district court

to the views of every scholarly commentator.⁶¹ Judge Mansfield stated that *Memphis Development* did not represent an interpretation of Tennessee law by the Sixth Circuit but was merely a declaration of what that court thought would be a good common law rule for Tennessee.⁶²

Judge Mansfield refuted the majority's notion that a court of appeals has special familiarity with the law of a state within its circuit.⁶³ He reasoned that a court of appeals of a circuit in which several states are located disposes of diversity appeals only as a small percentage of its business.⁶⁴ In *Memphis Development* it was the district judge, whose decision was reversed, who had superior knowledge of Tennessee law.⁶⁵

The consistency achieved under the majority approach was labeled fortuitous and arbitrary by Judge Mansfield.⁶⁶ He pointed out that if *Memphis Development* had arisen in a circuit other than the Sixth Circuit, then clearly the Second Circuit would not have recognized the case as authoritative.⁶⁷ The lack of logic behind the majority's geographical reasoning, according to Judge Mansfield, was further demonstrated by the fact that if the Second Circuit, in its first *Factors* decision, had stated that Tennessee would recognize a descendible right of publicity, the Sixth Circuit or any other circuit would have been free to adopt a contrary view.⁶⁸ This would have created the very inconsistency the majority sought to avoid.⁶⁹

It is submitted that the *Factors* court followed the holding of a sister court of appeals which was no more qualified than the Second

in *Memphis Development* and the Second Circuit's first determination in *Factors Etc., Inc. v. Pro Arts, Inc.* were among the opinions recognizing that the right of publicity survived death. 652 F.2d at 284 (Mansfield, J., dissenting).

61. 652 F.2d at 284 and n.2 (Mansfield, J., dissenting), citing, *inter alia*, *Felcher & Rubin, supra* note 7; Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild*, 22 U.C.L.A. L. REV. 1103 (1975); Note, *supra* note 7.

62. 654 F.2d at 284 (Mansfield, J., dissenting).

63. *Id.* at 285 (Mansfield, J., dissenting).

64. *Id.* Judge Mansfield noted that the Sixth Circuit encompasses seven states. Of 1,823 appeals filed in 1980, only 11.6% were diversity suits and those originated from all seven states. *Id.*, citing statistics from 1980 Annual Report of the Director, Administrative Office of the United States Courts, Table A-12.

65. 652 F.2d at 285 (Mansfield, J., dissenting). Judge Mansfield criticized the Sixth Circuit for making no real effort to determine what other states the Tennessee Courts tend to look to in deciding novel legal questions and for seeking no guidance in analogous principles of Tennessee law. *Id.*

66. *Id.* at 286 (Mansfield, J., dissenting).

67. *Id.*

68. *Id.*

69. *Id.*

Circuit to make new law in Tennessee.⁷⁰ The Second Circuit admittedly did not agree with the Sixth Circuit's reasoning.⁷¹ The district court's opinion, which was reversed by the Sixth Circuit and ignored by the Second Circuit, was, in contrast, a considered examination of state law by a judge familiar with the law of Tennessee.⁷² For an abstract concept of consistency, the benefits of which are speculative, the *Factors* court sacrificed the quality of justice available to the litigants.⁷³

Admittedly, in some circumstances, federal deference in a *Factors*-type situation may provide a small measure of predictability until the high court of the state speaks on the issue.⁷⁴ However, the *Factors* court's plan for consistency will work only in limited situations.⁷⁵ A major reason for the court's deference was the fact that the state was located within the confines of the circuit court which made the initial decision.⁷⁶ It is unclear how the *Factors* court would proceed when the initial declaration of state law is made by a circuit court which does not encompass that state, and the local circuit subsequently disagrees.⁷⁷ As the dissent recognized, the majority solution, if applied to some situations, may actually increase uncertainty regarding state law.⁷⁸

Certification of the unclear issue to the state's highest court seems to be the most logical solution to the uncertainty problem.⁷⁹ Any state legislature is free to enact a statutory system of certification.⁸⁰ Unfortunately, where the procedure has been made available, it has not enjoyed wide utilization by federal judges sensitive to the increased expense and delay it imposes on those who choose to litigate in the

70. *Id.* at 281. For a discussion of the basis of the Sixth Circuit's decision in *Memphis Development*, see note 15 *supra*. For a criticism of the Sixth Circuit's reasoning in *Memphis Development*, see *Factors Etc., Inc. v. Pro Arts, Inc.*, 496 F. Supp. 1090, 1094 (S.D.N.Y. 1980). See also *Factors Etc., Inc. v. Pro Arts, Inc.*, 652 F.2d at 287 (Mansfield, J., dissenting). Judge Mansfield considered the Sixth Circuit's determination that leaving a good name to one's children is reward enough, to be "rather harsh on those who have invested their efforts in their name, rather than in the stock market, and constitutes a rather heavy burden on creativity." *Id.*, citing *Felcher & Rubin*, *supra* note 7, at 1132. For a view which is sympathetic to that of Judge Mansfield, see *Shipley, Publicity Never Dies; It Just Fades Away: The Right of Publicity and Federal Preemption*, 66 CORNELL L. REV. 673, 677-82 (1981).

71. 652 F.2d at 282. For a statement of Judge Newman's position, see note 52 *supra*.

72. *Id.* at 285 (Mansfield, J., dissenting).

73. *Id.* at 286 (Mansfield, J., dissenting).

74. *Id.*

75. *Id.*

76. *Id.*

77. *Id.*

78. *Id.* See text accompanying notes 68-71 *supra*.

79. See note 36 *supra*.

80. See C. WRIGHT, *supra* note 21, at 226-27.

federal forum.⁸¹ In addition, certification presents constitutional difficulties since state courts may be giving no more than advisory opinions.⁸² It seems that uncertainty regarding novel issues of state law is a price which diversity jurisdiction will continue to exact.⁸³

Factors will be controlling within the Second Circuit.⁸⁴ However, the other circuits will be reluctant to relinquish their own ability to decide novel issues of state law.⁸⁵ Ironically, the decision could even

81. *Id.* at 226. In the view of one judge:

If there ever was a way in which to delay a case as it moves slowly through the courts, in my opinion, it would be the very procedure whereby at one stage the case comes to a halt in the federal system, moves over into the state system to await docketing, briefing, hearing, writing, filing of the opinion and petition for rehearing and then moves back again into the system of origin to take its place on the judicial conveyor for resumption of proceedings in the federal system.

In re Elliot, 74 Wash. 2d 600, 640-41, 446 P.2d 347, 371 (1968) (Hale, J., dissenting).

82. C. WRIGHT, *supra* note 21, at 226.

83. For a discussion of problems inherent in ascertaining state law in diversity cases, see Kurland, *supra* note 24, at 204. Professor Kurland noted that:

Several mechanical solutions are possible to the problem of inequality resulting from the inferior capacity—power, not ability—of federal courts to frame state law in diversity cases. The first is at the same time the most desirable: abolition of diversity jurisdiction. The second has already been rejected by the Court: the possibility of a court's refraining from the exercise of jurisdiction in those cases where it finds itself unable to ascertain accurately the law of the state involved.

Id. at 213. See *Lumbermen's Mut. Cas. Co. v. Elbert*, 348 U.S. 48, 54 (1954) (Frankfurter, J., concurring). Justice Frankfurter attacked diversity jurisdiction on all fronts and called for its abolition. *Id.* at 54-60 (Frankfurter, J., concurring). See generally Wright, *The Federal Courts and the Nature and Quality of State Law*, 13 WAYNE L. REV. 317 (1967).

84. See C. WRIGHT, *supra* note 21, at 7-10. The *Factors* decision will not be binding on other circuits but it will be controlling precedent on the district courts of the Second Circuit. *Id.* But see S. MERMIN, *LAW AND THE LEGAL SYSTEM*, 244-68 (6th ed. 1978). Professor Mermin discusses the courts' treatment of precedents, and discusses the considerable freedom courts have in the use of precedent. *Id.*

85. See Boner, *supra* note 29, at 638. Ms. Boner discusses the typical reactions of federal judges to the rigidity forced upon them by the increasing stringency of the *Erie* doctrine, and quotes judges expressing their dissatisfaction with the doctrine. *Id.* Soon after *Erie* was decided, Professor Corbin wrote that a forum "must use its judicial brains, not a pair of scissors and a paste pot. Our judicial process is not mere syllogistic deduction, except at its worst. . . . Shall a litigant, by the accident of diversity of citizenship, be deprived of the advantages of this judicial process?" Corbin, *The Laws of the Several States*, 50 YALE L.J. 762, 775 (1941). See also Clark, *supra* note 23. Judge Clark stated: "[W]e must act as a hollow sounding board, wooden indeed, for any state judge who cares to express himself. . . . Why should we abdicate our judicial functions and even prostitute our intellectual capacities." *Id.* at 290-91.

create a new species of forum shopping, as parties choose or avoid the Second Circuit, knowing that another circuit's exposition of state law will be blindly upheld.

Lynne Heckert